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OFFICE OF INSPECTOR GENERAL

MEDICARE MANAGED CARE
Goals of National Marketing Guide

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EXECUTIVE SUMMARY

PURPOSE

This report describes how well the *Medicare Managed Care National Marketing Guide* met its established goals in its first year of implementation.

BACKGROUND

The Health Care Financing Administration (HCFA) has authority to establish how managed care health plans with Medicare contracts provide information to beneficiaries. The health plans are required to submit marketing materials to HCFA regional offices for review and approval before distribution. Marketing materials include pre-enrollment materials (e.g., advertisements and sales brochures) and member materials (e.g., membership rules and notices of change in benefits). The HCFA regional staff keep track of their marketing-material reviews.

In November 1997, the *Medicare Managed Care National Marketing Guide* was issued as an operational tool for health plans and HCFA reviewers. It includes Federal marketing requirements and instructions regarding the review process. The **goals** of this *National Marketing Guide* are to (1) expedite the review process, (2) reduce re-submissions of material prior to approval, (3) ensure uniform review across the nation, and, most importantly, (4) provide Medicare beneficiaries with current, accurate, consumer friendly material that will help them make informed health-care choices. The following **operational elements** of the *National Marketing Guide* were designed to help HCFA reviewers and health plans meet the four goals: (1) lead regional offices, (2) model member material, (3) checklists for member materials, (4) language chart, (5) Use and File System (this system allows health plans that consistently meet Federal requirements to distribute sales materials without prior approval), and (6) Product Consistency Team.

We surveyed all HCFA staff responsible for reviewing marketing materials and representatives from 150 managed care plans. We also obtained data from HCFA regional offices that had systems to track marketing-material reviews.

FINDINGS

Goals of the *National Marketing Guide* Were Not Completely Met in the First Year of Implementation

However, Some Aspects of the Review Process Improved Due to the *National Marketing Guide*. Marketing guidelines were clearer, and creating and reviewing marketing materials became easier.

Of the Operational Elements, the Use and File System and Checklists for Member Materials Were Not Well Understood or Applied Uniformly

Marketing-Material Reviews Were Not Tracked Consistently Across HCFA Regions

Both HCFA Reviewers and Managed Care Plan Representatives Felt Improvements Are Needed. They felt operational elements need clarification, model member materials should be more sensitive to beneficiary needs, and there should be training on how to use the *National Marketing Guide*.

RECOMMENDATIONS

Our findings from this report and our review of marketing materials for a companion report, *Medicare Managed Care: 1998 Marketing Materials* (OEI-03-98-00271), provide evidence that the *Medicare Managed Care National Marketing Guide*, while improving some aspects of the marketing-material review process, was not very successful at meeting its most important goal. That goal is to provide Medicare beneficiaries with accurate and consumer friendly marketing materials. Inaccurate and confusing materials may affect beneficiaries' ability to make informed health-care choices.

We recommend that HCFA:

- **update the *National Marketing Guide*.** The *National Marketing Guide* should further clarify which information is specifically prohibited or required in marketing materials. The *National Marketing Guide* should provide model materials that are accurate and easy to read. It should clarify policy and operational instructions regarding the lead and local regional office responsibilities, the Use and File System (which allows plans to distribute sales material without prior approval), and the health plans' use of checklists for member materials. It should also ensure that checklists for member materials contain all the required information.

- **standardize and mandate use of <u>member</u> materials**. The HCFA should work toward standardizing as many types of member materials as possible. Managed care plans should be required to use these materials when communicating with their enrolled Medicare beneficiaries.

- **develop standard review instruments.** These review instruments should be used by HCFA staff in determining if marketing materials (both pre-enrollment and member) contain all required information and do not contain prohibited information.

- **establish a quality control system.** The HCFA should periodically review a nationwide sample of previously approved marketing materials (both pre-enrollment and member) to determine if they meet Federal marketing guidelines.

- **track marketing-material reviews consistently and uniformly across all regions.**

- **conduct meetings to review Federal marketing requirements with managed care plans that continually submit materials not in compliance with the requirements.**

- **provide training on the use of the *National Marketing Guide* for HCFA reviewers and managed care plans.**

AGENCY COMMENTS

The Health Care Financing Administration (HCFA) reviewed our companion reports and concurred with our recommendations. The agency is updating the *National Marketing Guide* and plans to promote better understanding of the Use and File System. As of 2000, contracting health plans must use a standardized Summary of Benefits. In the future, beneficiary notifications such as the Evidence of Coverage will be standardized, and their mandatory use will be phased in. In 2001, the agency will have a new and comprehensive instrument for collecting benefit data and reviewing marketing materials. In addition, the Product Consistency Team will meet monthly and uncover and correct inconsistencies in operational or policy interpretations of standardized materials. As to quality control, the agency will verify that all final versions of beneficiary notices are the same as versions HCFA approved, and will review samples of printed marketing materials. The HCFA is also taking steps to address the tracking of marketing material reviews, monitoring of contractor performance, and training of staff. Appendix C contains the full comments.

We appreciate the comprehensiveness of HCFA's comments. We believe the agency's stated efforts can result in comparable and understandable materials which beneficiaries need to make informed health-care choices. We are hopeful that the updated *National Marketing Guide* will include clarification of lead and local regional office responsibilities, and clarification as to whether health plans must submit checklists along with the member materials they submit for HCFA's review. With regard to the Product Consistency Team, the past team was not fully able to realize the objectives stated in the agency comments (uncovering and correcting inconsistencies; updating the *National Marketing Guide* as needed). We are hopeful that the new team has the tools and authority needed to accomplish these important objectives.

TABLE OF CONTENTS

INTRODUCTION

PURPOSE

This report describes how well the *Medicare Managed Care National Marketing Guide* met its established goals in its first year of implementation.

BACKGROUND

Marketing Regulations

Title XVIII of the Social Security Act (Part D, Section 1876[c][3][C]) provided the Health Care Financing Administration (HCFA) authority to establish how managed care health plans with Medicare contracts provide information to beneficiaries. Regulations which list prohibited marketing activities are in Title 42 of the Code of Federal Regulations (Section 422.80). Prohibited are activities that (1) discriminate against beneficiaries with poor health, (2) mislead or confuse beneficiaries, or (3) misrepresent the health plan or HCFA. These same regulations also require managed care plans to submit all marketing materials to HCFA for review and approval at least 45 days before planned distribution.

Marketing Materials

Marketing materials include a wide range of materials used to communicate with beneficiaries before and after enrollment in a managed care plan. Pre-enrollment materials are essentially sales materials and include newspaper, radio, and television advertisements; summaries of benefits; application forms; telemarketing scripts; and slide presentations. Post-enrollment materials, more commonly called member materials, include letters confirming enrollment and disenrollment; notices about a change in providers, benefits, or premiums; letters with claim information; lists of covered and non-covered services; co-payment schedules; and subscriber agreements. Subscriber agreements contain member rights as well as member and plan responsibilities. Some subscriber agreements also list covered and non-covered services.

Medicare beneficiaries are exposed to marketing materials through different media, including literature, billboards, radio, television, informational meetings, and the Internet. Regardless of the medium used, managed care plans must get approval from HCFA prior to distributing the information.

National Marketing Guide

The *Medicare Managed Care National Marketing Guide,* hereinafter called the *National Marketing Guide,* became effective November 17, 1997. Its main users are managed care plan staff who create marketing materials and HCFA staff who review the materials. Prior to the *National Marketing Guide's* implementation, the main reference for Federal marketing guidelines was the *Health Maintenance Organization/Competitive Medical Plan Manual,* issued March 1991.

The *National Marketing Guide* incorporates Federal marketing requirements, represents HCFA's official position on marketing policy, and contains operational instructions. It explains requirements for different types of materials and media. Some instructions are voluntary, and others are mandatory. The HCFA policy is that certain information must be conveyed to Medicare beneficiaries. However, format and the addition of other types of information are left to the discretion of the health plans. The *National Marketing Guide* is meant to address concerns about what had been the slow pace of HCFA's review process; the inconsistent interpretation of Federal marketing guidelines by HCFA reviewers; and the misleading or incorrect statements in marketing materials that were reaching Medicare beneficiaries even after going through the review process.

The goals of the *National Marketing Guide*, as listed in the preamble, are as follows:

1. expedite the review process;
2. conserve resources by avoiding multiple submissions and reviews of a piece prior to final approval;
3. ensure uniform marketing review across the nation; and, most importantly,
4. provide Medicare beneficiaries with current, accurate, consumer friendly, managed care marketing information that will assist them in making informed health-care choices.

Operational Elements

Below are operational elements of the *National Marketing Guide* which have the potential to help HCFA and managed care plans meet the four goals mentioned above.

Lead regional offices. A HCFA lead regional office reviews materials designed for use in more than one region. Prior to the *National Marketing Guide*, every HCFA regional office reviewed all materials intended for use in its geographic area. Managed care plans with service areas crossing regional boundaries complained that HCFA regional offices interpreted marketing guidelines differently, and what was approved in one region was denied in another region. This led to revisions and re-submissions of materials for HCFA's review. Now, managed care plans serving more than one region are assigned a lead

regional office to review their cross-regional materials. However, materials created for use in only one region are reviewed by the HCFA office in that region.

Model member materials. Member materials are pieces used by managed care plans to communicate with enrolled Medicare beneficiaries regarding their status in the plan, their benefits, rules and regulations of the plan, and other matters. The HCFA created model materials covering many of these topics (e.g., model subscriber agreement, model disenrollment letter) and included them in the *National Marketing Guide*. Model pieces with content that does not change substantially from year to year, such as a model disenrollment letter, may be distributed by managed care plans without HCFA's prior review and approval.

Checklists. The HCFA created checklists for several types of member materials and included them in the *National Marketing Guide*. Managed care plans must submit these checklists with the corresponding member materials to the reviewer, showing that all required information is included.

Language chart. The *National Marketing Guide* contains a chart of marketing language that managed care plans "Must Use/Can't Use/Can Use" when talking about certain concepts/subjects in sales materials. Use of the language chart can protect beneficiaries from misleading statements in advertising. Moreover, the chart standardizes language for certain concepts, making the creation and review of sales materials easier. Use of the standard language can also help beneficiaries become familiar with the concepts.

Use and File System. This operational element of the *National Marketing Guide* is a way to expedite the review process and reward managed care plans that demonstrate they can be relied upon to meet Federal marketing requirements. Plans that meet the Use and File criteria may distribute sales materials without prior review and approval from HCFA, but they must send copies of those materials to HCFA to be kept on file. The criteria are: (1) the plan has had a Medicare contract for at least 18 months; (2) only sales materials are eligible; (3) at least 10 pieces of sales material were submitted for review in a calendar quarter; and (4) 95 percent of the quarter's sales materials were error free.

Product Consistency Team. This Team is made up of HCFA central office and regional staff. It is responsible for (1) internally assuring consistency in the application of marketing guidelines, and (2) drafting updates to the *National Marketing Guide*. The work of the Product Consistency Team can lead to more uniform reviews of marketing materials, expediting the review process, and even reducing re-submissions of marketing materials–three of four goals of the *National Marketing Guide*.

Future of the *National Marketing Guide*

Updates to the *National Marketing Guide* are disseminated in the form of operational policy letters. In Operational Policy Letter #79, issued February 4, 1999, HCFA stated that in the future, the *National Marketing Guide* will become a chapter of the Medicare + Choice Manual. Until that time, interim changes to the *National Marketing Guide* will continue to be made through operational policy letters, and they are available on the Internet at HCFA's managed care home page.

The HCFA Reviewers

Staff in HCFA regional offices are responsible for various aspects of overseeing contracts between Medicare and managed care plans, including review of marketing materials and keeping track of the reviews. In 1998, a total of 96 staff members were conducting reviews. According to the review staff, the review of marketing materials is only one of their duties, but for some staff it is the most time-consuming. In 1998, the median number of hours per week spent on reviews was 10 hours, with some reviewers spending as many as 35 hours.

Reviewers must determine whether marketing materials meet regulatory requirements, accurately reflect the health plan's Medicare contract, and accurately describe benefits. Consequently, the review of materials can be extremely complex to perform, requiring attention to numerous details. In the last quarter of calendar year 1998, most of the same staff responsible for conducting reviews were also responsible for implementing the new Medicare + Choice program. The Medicare + Choice program increases the types of health plans HCFA staff must oversee.

Recent Developments in the Review Program

In August 1999, HCFA issued an operational policy letter which contains new and updated models of enrollment and disenrollment letters. The HCFA also created a standard form called the Summary of Benefits. All plans are required to use this form in fiscal year 2000 when describing their benefits to beneficiaries.

Currently, HCFA is conducting a pilot study to determine the effectiveness of having an outside contractor review marketing materials. The HCFA has also contracted an evaluation of the Medicare managed care marketing regulatory program to determine the program's strengths and weaknesses.

Studies by the Office of Inspector General

Medicare managed care has been the focus of many Office of Inspector General (OIG) studies. We have covered such topics as HCFA oversight of managed care plans,

grievance and appeal issues, physician and beneficiary perspectives, beneficiary satisfaction, enrollment and service access problems, and the use of disenrollment rates as performance indicators.

We have also addressed managed care marketing within the last three years. In *Medicare's Oversight of Managed Care* (OEI-01-96-00191), we found that while HCFA had increased the number of staff responsible for managed care oversight, some staff lacked managed care experience. The HCFA staff needed certain skills to evaluate various aspects of health plan operations, including marketing. We recommended that HCFA develop a more comprehensive training program for staff who oversee managed care plans. In *Medicare HMO Appeal and Grievance Processes* (OEI-07-94-00280), we found that many health maintenance organizations had marketing materials and operating procedures with incorrect or incomplete information on appeal and grievance processes. We recommended that HCFA (1) work with the health plans to standardize appeal and grievance language in marketing materials and operating procedures, and (2) take a more active approach in monitoring the plans.

As a companion to this report, we are issuing, *Medicare Managed Care: 1998 Marketing Materials* (OEI-03- 00271). We found that few marketing materials submitted by managed care plans and approved by HCFA in 1998 were in full compliance with Federal guidelines, and nearly half the materials were not consumer friendly. The findings from the companion reports were used to develop the recommendations contained in both reports.

SCOPE AND METHODOLOGY

Our purpose in this study was to determine how well the *National Marketing Guide* met its goals in the first year (November 1997 through November 1998). We collected data between September 1998 and March 1999 and completed analysis in June 1999.

Survey of HCFA Reviewers and Managed Care Plan Representatives

In December 1998, we sent self-administered questionnaires to all 96 HCFA regional staff who were responsible for reviewing and approving managed care marketing materials and who had been employed longer than 4 months. Ninety percent (86 of 96) responded.

We also sent self-administered questionnaires to a simple random sample of managed care health plan representatives responsible for risk-based Medicare contracts in 1998. Of the 346 risk-based contracts in 1998, we sampled 150. Eighty-seven percent of sampled plan representatives (131 of 150) responded. (Appendix A contains the confidence intervals related to their opinions.) These respondents informed us their plans had been submitting

marketing materials to HCFA for as little as 10 months to as long as 16 years; 3 years was the median.

All respondents provided demographic information and opinions about how well the *National Marketing Guide* worked and what improvements are needed. A few questions in the survey required a finite response (e.g., demographic questions), but most had a range of choices to express opinions. Two open-ended questions addressed (1) improvements needed and (2) anything else the respondent wanted to say about the *National Marketing Guide*.

Collection of Tracking Information From HCFA Regional Offices

We asked each HCFA regional office for data from their tracking of marketing-material reviews so that we could determine the volume of reviews, review time-frames, review outcomes (approvals and denials), number of re-submitted materials, and number of plans in the Use and File System. We obtained 1997 and 1998 data from regions that kept tracking systems so that we could compare data before and after implementation of the *National Marketing Guide*.

This study was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Goals of the *National Marketing Guide* were not completely met

Less than half of the managed care plan representatives and HCFA reviewers felt the *National Marketing Guide* worked very well or well toward meeting three of its goals: reducing material re-submissions, ensuring uniform reviews across the nation, and providing beneficiaries with useful information. While 64 percent of the HCFA reviewers felt the *National Marketing Guide* worked very well or well at the goal to expedite the review process, the majority of managed care plan representatives felt it was not as successful at meeting that goal. The HCFA reviewers were generally more positive than the managed care plan representatives about the effectiveness of the *National Marketing Guide*. (Appendix B contains HCFA reviewer and plan representative opinions of how well each goal was met.)

Goal 1 - Expedite the review process

As stated above, the HCFA reviewers felt more strongly than plan representatives that, as a whole, the *National Marketing Guide* worked very well or well at expediting the review process. In fact, reviewers felt the *National Marketing Guide* was most successful at achieving this goal. Both respondent groups felt the language chart was the most instrumental of the operational elements in meeting this goal. Seventy-two percent of reviewers and 60 percent of plan representatives said the language chart worked very well or well. Reviewers felt more strongly than plan representatives that model member materials expedited the review process. A large percentage of both plan representatives (74 percent) and HCFA reviewers (44 percent) did not know how well the Use and File System met this goal. On the negative side, 19 percent of HCFA reviewers felt the lead regional office concept did not work well at expediting the review process.

Goal 2 - Reduce re-submissions of marketing material

Managed care plan representatives felt the *National Marketing Guide* made the most substantial improvement in the goal to reduce material re-submissions. Thirty-nine percent of the plan representatives felt it worked very well or well. As with the first goal, the highest percentage of managed care plan representatives (66 percent) thought the language chart was the most successful in reaching this goal. The next highest percentage of plan representatives (41 percent) felt the same way about model member materials. The HCFA reviewers agreed that the same two operational elements worked best at reducing re-submissions, but the percentage of reviewers was lower (44 and 43

percent respectively for the language chart and model materials). However, roughly 20 percent of HCFA reviewers felt the lead regional office concept and checklists for member materials did not work well.

Goal 3 - Ensure uniform review across the nation

Thirty-nine percent of HCFA reviewers felt the *National Marketing Guide* worked very well or well at ensuring uniform review across the nation. A fourth of the respondents from both groups felt it worked less than well, and 18 percent of the plan representatives felt it had not achieved this goal at all. The language chart was the operational element that was the most successful at reaching this goal. Twenty-five percent of plan representatives said the lead regional offices worked very well or well. Thirty-two percent of HCFA reviewers felt the Product Consistency Team worked very well or well.

Goal 4 - Provide Medicare beneficiaries with useful information

Thirty-eight percent of HCFA reviewers compared to 24 percent of plan representatives felt the *National Marketing Guide* worked very well or well at providing beneficiaries with useful information (i.e., materials that will help them make informed health-care choices). Nineteen percent of plan representatives felt the *National Marketing Guide* was not successful in meeting this goal. Of the operational elements, the language chart worked best according to 45 percent of HCFA reviewers and 42 percent of plan representatives. While a majority of plan representatives felt the model member materials worked less than well at meeting this goal, 34 percent of HCFA reviewers felt model materials worked well.

However, some aspects of the review process improved due to the *National Marketing Guide*

The majority of respondents agreed the review process had improved since the *National Marketing Guide* was issued. More than three-quarters of both respondent groups felt marketing guidelines were clearer; 82 percent of plan representatives felt creating materials became easier; and 68 percent of HCFA reviewers thought reviewing materials became easier. Eighty-three percent of HCFA reviewers also felt they became more consistent in language they allowed and did not allow in materials.

Overall, HCFA reviewers felt more strongly than managed care plan representatives that the review process had improved and that marketing materials were more accurate and useful for beneficiaries. For example, 81 percent of reviewers compared to 59 percent of plan representatives said final marketing materials contain more accurate information.

Table 1 below shows whether managed care plan representatives and HCFA reviewers agreed or disagreed with statements about the *National Marketing Guide's* early impact.

Table 1. Respondent Opinions Concerning *National Marketing Guide's* Early Impact

STATEMENTS OF EARLY IMPACT	Type of Respondent	n*	OPINIONS				
			Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't know
Marketing guidelines are clearer.	Managed care plan	127	12%	69%	16%	0%	3%
	HCFA	83	19%	58%	7%	5%	11%
Lead regional offices improved review process for health plans with cross-regional materials.	Managed care plan	125	22%	30%	7%	3%	37%
	HCFA	83	21%	33%	13%	7%	27%
Creating/reviewing marketing materials is easier.	Managed care plan	127	18%	64%	13%	1%	4%
	HCFA	83	25%	43%	15%	5%	12%
Submitting/receiving marketing materials is easier.	Managed care plan	128	12%	58%	19%	6%	6%
	HCFA	80	14%	41%	21%	5%	19%
HCFA reviews marketing materials in shorter time frames.	Managed care plan	127	17%	37%	21%	16%	9%
	HCFA	82	17%	37%	22%	11%	13%
HCFA comments on reviewed marketing materials are more objective.	Managed care plan	127	6%	39%	32%	8%	16%
	HCFA	82	18%	46%	16%	4%	16%
HCFA reviewers are more consistent in interpreting guidelines.	Managed care plan	128	12%	38%	21%	17%	12%
	HCFA	79	35%	44%	8%	0%	13%
HCFA reviewers are more consistent in language they allow.	Managed care plan	128	9%	48%	20%	16%	7%
	HCFA	82	39%	44%	6%	1%	10%
HCFA reviewers are more consistent in language they do not allow.	Managed care plan	128	9%	61%	18%	6%	6%
	HCFA	82	39%	44%	5%	2%	10%
Final marketing materials contain more accurate information.	Managed care plan	126	10%	49%	31%	0%	10%
	HCFA	82	27%	54%	5%	5%	10%
Final marketing materials are more consumer friendly.	Managed care plan	126	4%	26%	41%	20%	9%
	HCFA	81	16%	51%	16%	6%	11%
Final marketing materials are more likely to help Medicare beneficiaries make informed health-care choices.	Managed care plan	127	4%	31%	39%	13%	13%
	HCFA	82	17%	45%	16%	6%	16%

Source: OIG survey, conducted December 1998
n = number of respondents answering survey question

Certain operational elements were not well understood or implemented uniformly

Use and File System

We found that some plan representatives and HCFA reviewers did not know, or had misconceptions, about the Use and File System. At the time of our survey, only 12 percent of plans (16 of 131) had the Use and File privilege. Plan representatives and HCFA reviewers had different conceptions about the criteria for gaining the Use and File privilege. Plans must be in the Medicare program at least 18 months to be considered for Use and File privilege, and only sales materials are eligible. The plan must submit at least 10 pieces of sales material in a calendar quarter, and 95 percent of the quarter's sales materials must be error free. While plans with the Use and File privilege may distribute sales materials without prior approval, they must send HCFA copies of the materials to be kept on file. Table 2 below shows the percentage of plan representatives aware of each criterion, and the percentage of HCFA reviewers who considered each criterion when determining whether plans should receive the Use and File privilege.

Table 2. Awareness and Consideration of Use and File Criteria

Criteria that Must Be Met for Use and File Privilege	Percentage of Plans Aware of Criterion	Percentage of Reviewers who Consider Criterion
Plan must be in Medicare program for at least 18 months	76%	51%
Only sales materials are eligible	70%	35%
At least 10 pieces must be submitted in a calendar quarter	58%	44%
95% of calendar quarter's sales materials must be approved	87%	64%

Source: OIG survey, conducted December 1998

In order for HCFA to identify plans for the Use and File privilege, the reviews of plans' marketing material must be tracked. However, 25 percent of HCFA reviewers said their regional office did not track reviews for this purpose, and 17 percent said they did not know if their office required tracking. In many regions, reviewers did not agree on whether their office required tracking for Use and File purposes. Fifty percent of managed care plan representatives thought they must ask HCFA to track them, 25 percent thought HCFA tracks automatically, and 25 percent did not know how tracking is initiated. Some plan representatives commented that the Use and File System is not available in their region, and this was echoed in comments of some reviewers. The lack of awareness and inconsistent implementation of the Use and File System may explain why very high percentages of respondents did not know how well the Use and File System worked at meeting the *National Marketing Guide's* goals (see Appendix B).

Checklists for member materials

More than half of managed care plan representatives (68 of 126) and a third of HCFA reviewers (28 of 82) said plans do not need to submit member-material checklists to HCFA because checklists are solely for the plans' use. According to the *National Marketing Guide*, if plans create a member piece that requires HCFA's review and approval, then both the member piece and corresponding checklist must be submitted. The checklist helps expedite the review because it shows that all the necessary information is included in the member piece.

Given the lack of understanding about the use of checklists, it is not surprising that 50 percent of plan representatives and 41 percent of HCFA reviewers thought the checklists worked less than well or not well at expediting the review process (see Appendix B).

Marketing-material reviews were not tracked consistently across HCFA regions

As of November 1998, only 7 of 10 HCFA regional offices were keeping track of their marketing-material reviews. However, of the seven regional offices with tracking systems, most did not require reviewers to enter data. Moreover, many reviewers who entered data did not do so consistently or uniformly. Various types of inconsistencies led to incomplete data in the systems. For example, very few reviewers noted when a piece was a re-submission. Some reviewers did not enter the received date, the material type, or the material's unique identifier. Without consistent and uniform tracking, reviewers may not, for example, be able to determine whether plans have met criteria for the Use and File privilege. One Use and File criterion is that 95 percent of a plan's sales materials in a calendar quarter are error free. If material type is not tracked consistently and uniformly, one cannot accurately determine whether this criterion is met.

Only two regional offices consistently and uniformly tracked marketing materials for Use and File purposes. Two additional regional offices tracked reviews for Use and File purposes only if managed care plans requested to be tracked. (One of these two regions requires the plan to file a formal application and demonstrate that all criteria have been met.) The remaining six regions either did not use their existing tracking system for Use and File purposes, or did not track marketing materials consistently for any purpose.

The HCFA has the potential to track marketing materials nationally in its Managed Care Information System. One of the databases in this system was designed in 1997 specifically for tracking marketing-material reviews. Some regional offices were using the database when we collected data for this study. However, the data was not input consistently or uniformly so as to permit valid regional or national reporting.

Tracking has the potential to help HCFA identify (1) the number and type of marketing materials submitted, (2) material approval rates, (3) review time-frames, (4) material re-submission rates, and (5) plan eligibility for the Use and File privilege. Tracking can help regions and central office determine whether the review process is becoming more efficient. It can also help identify managed care plans with a history of having to re-submit material. Since tracking was done inconsistently and data sent to us from most regions was incomplete, we could not analyze the data to identify national statistics. Nor could we use it to determine whether certain goals of the *National Marketing Guide* were met (e.g., reduce the number of material re-submissions).

Both HCFA reviewers and managed care plan representatives felt improvements are needed

Sixty-three percent of managed care plan representatives (77 of 123) and 76 percent of HCFA reviewers (60 of 79) felt the *National Marketing Guide* needs improvement. Below are summaries of respondent comments wherein they described problems and made suggestions regarding the *National Marketing Guide* and its operational elements.

Marketing guidelines need more consistent interpretation

Managed care plan representatives and HCFA reviewers who wrote comments repeatedly raised the issue of inconsistent interpretation of guidelines—whether the topic at hand was the lead regional office concept, model member materials, the language chart, or the *National Marketing Guide* as a whole. Some HCFA reviewers said the solution to inconsistency is to standardize materials and make their use mandatory. One of our survey questions asked respondents if they favored that approach with certain materials, e.g., disenrollment letters. Ninety-five percent of HCFA reviewers (82 of 86) and 54 percent of the managed care plan representatives (70 of 130) favored that approach.

Some respondents wrote that HCFA and plan staffs needed training on how to use the *National Marketing Guide*. More specific comments were that organized training for HCFA staff is weak and inconsistent, and training is needed for new employees and to address the new Medicare + Choice program.

National Marketing Guide needs timely updates and expansion

Both respondent groups said timely updates of the *National Marketing Guide* are needed to reflect current market conditions and the new Medicare + Choice program. They also commented that parts of the *National Marketing Guide* are vague, incomplete, or hard to use. They wanted policy clarifications, more wording choices in the language chart, and more types of model materials and checklists. They felt the layout and writing style should

be improved to make it easier to use, and updates should be made with replacement pages instead of operational policy letters.

A relatively small number of plan representatives compared to HCFA reviewers thought the "Must Use/Can't Use/Can Use" language chart should be improved. But their concerns were similar. A specific recommendation was to expand the chart to include more concepts, examples of violations, and suggested/required language. Respondents also recommended making the chart easier to use and updating it to include Medicare + Choice terminology.

Model materials need to be more "beneficiary sensitive," and more types of models are needed

Respondents from both groups commented that current model materials are not "beneficiary sensitive." They described models as "cold, technical, complex, wordy, and confusing." They felt models should be written at a more appropriate reading level, and terms should have the same definitions across all models.

Respondents also wanted more types of models. There were recommendations for model member handbooks, enrollment forms, summaries of benefits, and point-of-service options. Another suggestion was to have more than one model per topic to allow for plan variations.

Several operational elements need clarification

Both HCFA reviewers and plan representatives believed that the lead regional office, checklist for member material, and Use and File information in the *National Marketing Guide* needs clarification.

Some HCFA reviewers had concerns regarding responsibility, authority, and coordination between the lead regions and other regions where cross-regional materials are used. Numerous managed care plan representatives also wrote comments on this subject. They agreed with reviewers that lead and local regional roles need clarification. Some also said that because materials with varying local information have to be reviewed by both the lead and local regional offices, the review process has become cumbersome and too time consuming.

Some plan representatives reiterated they did not understand how to use checklists contained in the *National Marketing Guide*. Some complained that HCFA reviewers require language in member materials that is not on checklists. However, one reviewer said checklists do not always contain all the information that is required. Reviewers wanted checklists to contain more details, include all pieces of information that plans are required to have in their materials, and be available for more types of materials.

Both managed care plan representatives and HCFA reviewers commented on the lack of understanding about the Use and File System. A few managed care plan representatives stated they need technical assistance or "feedback" from their HCFA regional office. Some respondents reported that the criteria for the system should be changed or strengthened. Others felt that while the concept is good the system is too cumbersome to implement and track. Several respondents believed there should be national standards and procedures for the system, including a mandatory spot check of materials distributed under the Use and File privilege and a periodic review of those materials to ensure that plans can retain the Use and File privilege.

Product Consistency Team needs better administration

With regard to the Product Consistency Team, the HCFA reviewers said they wanted better dissemination of the team's decisions, strengthening of the team's authority, and improvement in the team's management.

RECOMMENDATIONS

Our findings from this report and our review of marketing materials for a companion report, *Medicare Managed Care: 1998 Marketing Materials* (OEI-03-98-0071), provide evidence that the *Medicare Managed Care National Marketing Guide*, while improving some aspects of the marketing-material review process, was not very successful at meeting its most important goal. That goal is to provide Medicare beneficiaries with accurate and consumer friendly marketing materials. Inaccurate and confusing materials may affect beneficiaries' ability to make informed health-care choices.

We recommend that HCFA:

- **update the *National Marketing Guide*.** The *National Marketing Guide* should further clarify which information is specifically prohibited or required in marketing materials. The *National Marketing Guide* should provide model materials that are accurate and easy to read. It should clarify policy and operational instructions regarding the lead and local regional office responsibilities, the Use and File System (which allows plans to distribute sales material without prior approval), and the health plans' use of checklists for member materials. It should also ensure that checklists for member materials contain all the required information.

- **standardize and mandate use of member materials**. The HCFA should work toward standardizing as many types of member materials as possible. Managed care plans should be required to use these materials when communicating with their enrolled Medicare beneficiaries.

- **develop standard review instruments.** These review instruments should be used by HCFA staff in determining if marketing materials (both pre-enrollment and member) contain all required information and do not contain prohibited information.

- **establish a quality control system.** The HCFA should periodically review a nationwide sample of previously approved marketing materials (both pre-enrollment and member) to determine if they meet Federal marketing guidelines.

- **track marketing-material reviews consistently and uniformly across all regions.**

- **conduct meetings to review Federal marketing requirements with managed care plans that continually submit materials not in compliance with the requirements.**

- **provide training on the use of the National Marketing Guide for HCFA reviewers and managed care plans.**

AGENCY COMMENTS

The Health Care Financing Administration (HCFA) reviewed this report and the companion report on 1998 marketing materials and concurred with our recommendations. We summarized the agency's comments below, however, the full comments are in Appendix C.

- **update the *National Marketing Guide*.** The agency is updating the *National Marketing Guide*, including checklists and model letters. They are also clarifying what is allowed and prohibited in marketing materials. As they believe the Use and File System is an important tool, they plan to develop materials to promote a better understanding of its operation.

- **standardize and mandate use of member materials**. Work toward standardizing certain materials has already begun. As of contract year 2000, health plans contracting with HCFA must use a standardized Summary of Benefits. In the future, beneficiary notifications such as the Evidence of Coverage will be standardized, and their mandatory use will be phased in.

- **develop standard review instruments.** The agency's goal is to have a new and comprehensive data collection instrument, called the Plan Benefit Package, fully implemented in contract year 2001. This instrument will have multiple uses, including a standardized way to collect descriptions of benefits from health plans. The instrument can then be used to review health plan marketing materials. In the meantime, a modified version of a prior data collection instrument will be used. In addition, the Product Consistency Team, comprised of representatives from all ten HCFA regional offices, will meet monthly. Through ongoing dialogue, the team is expected to uncover and correct any inconsistencies in operational or policy interpretations of standardized materials.

- **establish a quality control system.** The HCFA has established procedures for verifying that all final versions of beneficiary notices are the same as the versions HCFA approved. They also plan to review a sample of actual printed marketing materials from a random sample of health care organizations. The agency has also established a quality control system in their pilot study of the effectiveness of contracting the marketing material review to a single national contractor. Moreover, the Product Consistency Team will be critical to overall quality control efforts.

- **track marketing-material reviews consistently and uniformly across all regions.** The HCFA regional offices will be required to track receipt and approval of all marketing materials when the new Health Plan Management System becomes operational in 2000. The Managed Care Information System, which is currently used by a number of the regional offices, will become part of the new system.

- **conduct meetings to review Federal marketing requirements with managed care plans that continually submit materials not in compliance with the requirements.** The HCFA is in the process of updating a contractor performance monitoring protocol. The revised protocol will require HCFA reviewers who find a pattern of noncompliant marketing submissions to take action, including meeting with managed care plans. As the agency continues to review its marketing material review program, it will determine additional steps that need to be taken, including sanctioning.

- **provide training on the use of the *National Marketing Guide* for HCFA reviewers and managed care plans.** The HCFA currently includes a marketing session in their annual training program for reviewers. They plan to expand the program to address the needs of contracting health plans. In addition, they expect Product Consistency Team meetings will promote better understanding of the *National Marketing Guide*.

OIG RESPONSE

We appreciate the comprehensiveness of HCFA's comments. We believe the agency's stated efforts can result in comparable and understandable materials which beneficiaries need to make informed health-care choices. We are hopeful that the update of the *National Marketing Guide* will include clarification of lead and local regional office responsibilities, and clarification as to whether health plans must submit checklists along with the member materials they submit for HCFA's review. These two elements of the guidelines were not specifically mentioned in the agency comments regarding various elements of the guidelines that would be updated.

We have one other concern regarding the Product Consistency Team. The agency states they will be relying on the team to play a critical role in quality control, to uncover and correct inconsistencies in operational or policy interpretations of standardized materials, and to update the *National Marketing Guide* as needed. The past team was not fully effective in these areas, and we are hopeful that the new team has the tools and authority needed to accomplish these important objectives.

APPENDIX A

OPINIONS OF PLAN REPRESENTATIVES: ESTIMATES AND CONFIDENCE INTERVALS

As mentioned in this report's introduction, we surveyed a sample of 150 risk-based managed care plans out of a total of 346. Eighty-seven percent (131 of 150) responded. In our findings section, we cite the percentage of plans having certain opinions. The precision of our estimates about these opinions, based on a 95 percent confidence level, are shown in the tables of this appendix. The calculations were computed using standard statistical formulas for a simple random sample. The report pages containing the findings are noted in parentheses after the table title.

APPENDIX A

Table 1. Plan representative opinions of how well operational elements worked toward Goal 1 - "Expedite the review process" (pp. 11 - 12)

Operational Elements	Opinions	Percentage of Plan Reps	95% Confidence Interval
National Marketing Guide as a whole	Very well	3.10	±2.26
	Well	28.68	±5.90
	Somewhat well	53.49	±6.50
	Not well	10.08	±3.93
	Don't know	4.65	±2.75
Lead regional offices	Very well	17.19	±4.94
	Well	17.97	±5.03
	Somewhat well	16.41	±4.85
	Not well	6.25	±3.17
	Don't know	42.19	±6.46
Model member material	Very well	6.20	±3.14
	Well	30.23	±5.99
	Somewhat well	42.64	±6.45
	Not well	13.95	±4.52
	Don't know	6.98	±3.32
Checklists for member material	Very well	10.08	±3.93
	Well	16.28	±4.81
	Somewhat well	37.98	±6.33
	Not well	11.63	±4.18
	Don't know	24.03	±5.57
Language chart	Very well	17.05	±4.90
	Well	43.41	±6.46
	Somewhat well	24.03	±5.57
	Not well	10.85	±4.06
	Don't know	4.65	±2.75
Use and File System	Very well	8.66	±3.70
	Well	4.72	±2.79
	Somewhat well	5.51	±3.00
	Not well	7.09	±3.37
	Don't know	74.02	±5.76
Product Consistency Team	Very well	0.78	±1.14
	Well	10.08	±3.93
	Somewhat well	13.18	±4.41
	Not well	12.40	±4.30
	Don't know	63.57	±6.27

APPENDIX A

Table 2. Plan representative opinions of how well operational elements worked toward Goal 2 - "Reduce re-submissions of marketing material (pp. 11 - 12)

Operational Elements	Opinions	Percentage of Plan Reps	95% Confidence Interval
National Marketing Guide as a whole	Very well	6.15	±3.12
	Well	33.08	±6.11
	Somewhat well	45.38	±6.47
	Not well	12.31	±4.27
	Don't know	3.08	±2.24
Lead regional offices	Very well	5.47	±2.98
	Well	19.53	±5.19
	Somewhat well	24.22	±5.61
	Not well	5.47	±2.98
	Don't know	45.31	±6.52
Model member material	Very well	10.77	±4.03
	Well	30.00	±5.95
	Somewhat well	38.46	±6.32
	Not well	14.62	±4.59
	Don't know	6.15	±3.12
Checklists for member material	Very well	5.38	±2.93
	Well	26.92	±5.76
	Somewhat well	43.08	±6.43
	Not well	6.92	±3.30
	Don't know	17.69	±4.96
Language chart	Very well	16.15	±4.78
	Well	50.00	±6.49
	Somewhat well	27.69	±5.81
	Not well	4.62	±2.73
	Don't know	1.54	±1.60
Use and File System	Very well	9.30	±3.79
	Well	3.10	±2.26
	Somewhat well	6.20	±3.14
	Not well	6.20	±3.14
	Don't know	75.19	±5.63
Product Consistency Team	Very well	1.54	±1.60
	Well	4.62	±2.73
	Somewhat well	6.15	±3.12
	Not well	16.15	±4.78
	Don't know	71.54	±5.86

APPENDIX A

Table 3. Plan representative opinions of how well operational elements worked toward Goal 3 - "Ensure uniform review across the nation (pp. 11 - 12)

Operational Elements	Opinions	Percentage of Plan Reps	95% Confidence Interval
National Marketing Guide as a whole	Very well	3.08	±2.24
	Well	18.46	±5.04
	Somewhat well	26.92	±5.76
	Not well	17.69	±4.96
	Don't know	33.85	±6.15
Lead regional offices	Very well	15.63	±4.75
	Well	8.59	±3.67
	Somewhat well	25.00	±5.67
	Not well	3.13	±2.28
	Don't know	47.66	±6.54
Model member material	Very well	4.62	±2.73
	Well	16.92	±4.87
	Somewhat well	34.62	±6.18
	Not well	6.92	±3.30
	Don't know	36.92	±6.27
Checklists for member material	Very well	4.62	±2.73
	Well	13.08	±4.38
	Somewhat well	29.23	±5.91
	Not well	8.46	±3.61
	Don't know	44.62	±6.46
Language chart	Very well	8.46	±3.61
	Well	23.08	±5.47
	Somewhat well	26.92	±5.76
	Not well	6.92	±3.30
	Don't know	34.62	±6.18
Use and File System	Very well	6.98	±3.32
	Well	3.10	±2.26
	Somewhat well	5.43	±2.95
	Not well	5.43	±2.95
	Don't know	79.07	±5.30
Product Consistency Team	Very well	1.54	±1.60
	Well	2.31	±1.95
	Somewhat well	6.15	±3.12
	Not well	13.85	±4.49
	Don't know	76.15	±5.53

APPENDIX A

Table 4. Plan representative opinions of how well operational elements worked toward Goal 4 - "Provide Medicare beneficiaries with useful information (pp. 11 - 12)

Operational Elements	Opinions	Percentage of Plan Reps	95% Confidence Interval
National Marketing Guide as a whole	Very well	5.38	±2.93
	Well	19.23	±5.12
	Somewhat well	40.00	±6.36
	Not well	18.46	±5.04
	Don't know	16.92	±4.87
Lead regional offices	Very well	2.33	±1.97
	Well	12.40	±4.30
	Somewhat well	24.81	±5.63
	Not well	6.98	±3.32
	Don't know	53.49	±6.50
Model member material	Very well	6.11	±3.10
	Well	12.98	±4.35
	Somewhat well	52.67	±6.46
	Not well	12.98	±4.35
	Don't know	15.27	±4.65
Checklists for member material	Very well	4.62	±2.73
	Well	15.38	±4.69
	Somewhat well	38.46	±6.32
	Not well	8.46	±3.61
	Don't know	33.08	±6.11
Language chart	Very well	12.31	±4.27
	Well	30.00	±5.95
	Somewhat well	32.31	±6.07
	Not well	9.23	±3.76
	Don't know	16.15	±4.78
Use and File System	Very well	2.33	±1.97
	Well	6.98	±3.32
	Somewhat well	9.30	±3.79
	Not well	3.88	±2.52
	Don't know	77.52	±5.44
Product Consistency Team	Very well	0.77	±1.13
	Well	4.62	±2.73
	Somewhat well	12.31	±4.27
	Not well	12.31	±4.27
	Don't know	70.00	±5.95

APPENDIX A

Table 5. Percentage of plans that "Strongly agreed" with positive statements of impact (p. 13)

Early Impact of *National Marketing Guide*	Percentage*	95% Confidence Interval
Marketing guidelines were clearer.	11.81	±4.24
Lead region concept improved review process for chain organizations.	22.40	±5.52
Creating marketing material was easier.	18.11	±5.06
Submitting marketing materials was easier.	11.72	±4.21
HCFA reviewed marketing material in shorter time frames.	17.32	±4.97
HCFA comments on marketing material were more objective.	5.51	±3.00
HCFA reviewers were more consistent in interpreting guidelines.	11.72	±4.21
HCFA reviewers were more consistent in language they allowed.	9.38	±3.82
HCFA reviewers were more consistent in language they did not allow.	9.38	±3.82
Final marketing material contained more accurate information.	10.32	±4.01
Final marketing material was more consumer friendly.	3.97	±2.58
Final marketing material was more likely to help Medicare beneficiaries make informed health-care choices.	3.94	±2.56

* Plans that answered Strongly agree

Table 6. Percentage of plans that "Somewhat agreed" with positive statements of impact (p. 13)

Early Impact of *National Marketing Guide*	Percentage*	95% Confidence Interval
Marketing guidelines were clearer.	69.29	±6.06
Lead region concept improved review process for chain organizations.	30.40	±6.09
Creating marketing material was easier.	63.78	±6.32
Submitting marketing materials was easier.	57.81	±6.46
HCFA reviewed marketing material in shorter time frames.	37.01	±6.35
HCFA comments on marketing material were more objective.	39.37	±6.42
HCFA reviewers were more consistent in interpreting guidelines.	38.28	±6.36
HCFA reviewers were more consistent in language they allowed.	47.66	±6.54
HCFA reviewers were more consistent in language they did not allow.	60.94	±6.39
Final marketing material contained more accurate information.	49.21	±6.60
Final marketing material was more consumer friendly.	26.19	±5.80
Final marketing material was more likely to help Medicare beneficiaries make informed health-care choices.	30.71	±6.06

* Plans that answered Somewhat agree

Table 7. Percentage of plans that "Somewhat disagreed" with positive statements of impact (p. 13)

Early Impact of *National Marketing Guide*	Percentage*	95% Confidence Interval
Marketing guidelines were clearer.	15.75	±4.79
Lead region concept improved review process for chain organizations.	7.20	±3.42
Creating marketing material was easier.	13.39	±4.47
Submitting marketing materials was easier.	18.75	±5.11
HCFA reviewed marketing material in shorter time frames.	21.26	±5.38
HCFA comments on marketing material were more objective.	31.50	±6.10
HCFA reviewers were more consistent in interpreting guidelines.	21.09	±5.34
HCFA reviewers were more consistent in language they allowed.	19.53	±5.19
HCFA reviewers were more consistent in language they did not allow.	17.97	±5.03
Final marketing material contained more accurate information.	30.95	±6.10
Final marketing material was more consumer friendly.	41.27	±6.50
Final marketing material was more likely to help Medicare beneficiaries make informed health-care choices.	39.37	±6.42

* Plans that answered Somewhat disagree

Table 8. Percentage of plans that "Strongly disagreed" with positive statements of impact (p. 13)

Early Impact of *National Marketing Guide*	Percentage*	95% Confidence Interval
Marketing guidelines were clearer.	0.00	±0.00
Lead region concept improved review process for chain organizations.	3.20	±2.33
Creating marketing material was easier.	0.79	±1.16
Submitting marketing materials was easier.	5.47	±2.98
HCFA reviewed marketing material in shorter time frames.	15.75	±4.79
HCFA comments on marketing material were more objective.	7.87	±3.54
HCFA reviewers were more consistent in interpreting guidelines.	17.19	±4.94
HCFA reviewers were more consistent in language they allowed.	16.41	±4.85
HCFA reviewers were more consistent in language they did not allow.	5.47	±2.98
Final marketing material contained more accurate information.	0.00	±0.00
Final marketing material was more consumer friendly.	19.84	±5.26
Final marketing material was more likely to help Medicare beneficiaries make informed health-care choices.	13.39	±4.47

* Plans that answered Strongly disagree

APPENDIX A

Table 9. Percentage of plans that "Didn't know" about impact (p. 13)

Early Impact of *National Marketing Guide*	Percentage*	95% Confidence Interval
Marketing guidelines were clearer.	3.15	±2.30
Lead region concept improved review process for chain organizations.	36.80	±6.39
Creating marketing material was easier.	3.94	±2.56
Submitting marketing materials was easier.	6.25	±3.17
HCFA reviewed marketing material in shorter time frames.	8.66	±3.70
HCFA comments on marketing material were more objective.	15.75	±4.79
HCFA reviewers were more consistent in interpreting guidelines.	11.72	±4.21
HCFA reviewers were more consistent in language they allowed.	7.03	±3.35
HCFA reviewers were more consistent in language they did not allow.	6.25	±3.17
Final marketing material contained more accurate information.	9.52	±3.87
Final marketing material was more consumer friendly.	8.73	±3.72
Final marketing material was more likely to help Medicare beneficiaries make informed health-care choices.	12.60	±4.36

* Plans that answered Don't know

Table 10. Percentage of plans with Use and File privilege (p. 14)

Survey Statement	Percentage*	95% Confidence Interval
We have the Use and File privilege.	12.21	±4.24

* Plans that agreed with statement

Table 11. Percentage of plans aware of criteria for Use and File privilege (p. 14)

Survey Question: Was your plan aware of the following criteria for gaining Use and File privilege?	Percentage*	95% Confidence Interval
Plan must be in Medicare program for at least 18 months.	76.38	±5.58
Only sales material is eligible for distribution under Use and File privilege.	69.77	±5.99
At least 10 pieces of sales material must be submitted for review within calendar quarter.	58.27	±6.48
Within calendar quarter, 95 of sales material must be approved.	86.61	±4.47

*Plans that answered Yes

APPENDIX A

Table 12. Percentage of plans' understanding of tracking for Use and File System (p. 14)

Survey Statement	Percentage*	95% Confidence Interval
HCFA tracks our marketing material automatically.	25.38	±5.65
We must ask HCFA to track our marketing material.	50.00	±6.49
We don't know how plans start getting their marketing material tracked.	24.62	±5.59

* Plans that agreed with statement

Table 13. Percentage of plans that said it is not necessary to submit checklists (p. 15)

Survey Statement	Percentage*	95% Confidence Interval
Checklists need not be submitted. They are solely for plan's use.	53.97	±6.58

* Plans that agreed with statement

Table 14. Percentage of plans that said *National Marketing Guide* needs improvement (p. 16)

Survey Question	Percentage*	95% Confidence Interval
Does the *National Marketing Guide* as a whole need improvement?	62.60	±6.46

* Plans that answered Yes

Table 15. Percentage of plans that favored standardizing material (p. 16)

Survey Question	Percentage*	95% Confidence Interval
Do you think that in the future plans should use a standardized HCFA form (its use would be mandatory) for certain material such as enrollment and disenrollment notices?	53.85	±6.47

* Plans that answered Yes

APPENDIX B

Opinions of How Well Goals of *National Marketing Guide* Were Met

Table 1. How well guide & operational elements met Goal 1 - "Expedite the review process"

Guide & Operational Elements	Plan Representatives' Opinions - Goal 1						HCFA Reviewers' Opinions - Goal 1					
	n	Very well	Well	Some-what well	Not well	Don't know	n	Very well	Well	Some-what well	Not well	Don't know
Marketing Guide as a whole	129	3%	29%	54%	10%	5%	85	19%	45%	27%	7%	2%
Lead regional offices	128	17%	18%	16%	6%	42%	85	20%	17%	19%	19%	26%
Model member materials	129	6%	30%	43%	14%	7%	85	26%	33%	31%	7%	4%
Checklists	129	10%	16%	38%	12%	24%	85	18%	24%	27%	14%	18%
Language chart	129	17%	43%	24%	11%	5%	85	38%	34%	20%	6%	2%
Use and File System	127	9%	5%	6%	7%	74%	85	14%	15%	14%	13%	44%
Product Con-sistency Team	129	1%	10%	13%	12%	64%	85	19%	22%	24%	11%	25%

Table 2. How well guide & operational elements met Goal 2 - "Reduce marketing material re-submissions"

Guide & Operational Elements	Plan Representatives's Opinions - Goal 2						HCFA Reviewers' Opinions - Goal 2					
	n	Very well	Well	Some-what well	Not well	Don't know	n	Very well	Well	Some-what well	Not well	Don't know
Marketing Guide as a whole	130	6%	33%	45%	12%	3%	84	14%	30%	32%	14%	10%
Lead regional offices	128	6%	20%	24%	6%	45%	84	13%	12%	23%	18%	35%
Model member materials	130	11%	30%	39%	15%	6%	84	18%	25%	38%	12%	7%
Checklists	130	5%	27%	43%	7%	18%	84	11%	18%	27%	20%	24%
Language chart	130	16%	50%	28%	5%	2%	84	18%	26%	33%	14%	8%
Use and File System	129	9%	3%	6%	6%	75%	84	10%	8%	20%	16%	46%
Product Con-sistency Team	130	2%	5%	6%	16%	72%	84	11%	18%	27%	17%	27%

APPENDIX B

Table 3. How well guide & operational elements met Goal 3 - "Ensure uniform review across the nation"

Guide & Operational Elements	Plan Representatives' Opinions - Goal 3						HCFA Reviewers' Opinions - Goal 3					
	n	Very well	Well	Some-what well	Not well	Don't know	n	Very well	Well	Some-what well	Not well	Don't know
Marketing Guide as a whole	130	3%	19%	27%	18%	34%	84	13%	26%	24%	11%	26%
Lead regional offices	128	16%	9%	25%	3%	48%	84	17%	19%	20%	12%	32%
Model member materials	130	5%	17%	35%	7%	37%	84	12%	24%	27%	11%	26%
Checklists	130	5%	13%	29%	9%	45%	84	8%	18%	25%	14%	35%
Language chart	130	9%	23%	27%	7%	35%	84	14%	32%	17%	12%	25%
Use and File System	129	7%	3%	5%	5%	79%	84	6%	13%	12%	13%	56%
Product Con-sistency Team	130	2%	2%	6%	14%	76%	84	12%	20%	17%	13%	38%

Table 4. How well guide & operational elements met Goal 4 - "Provide Medicare beneficiaries with useful information"

Guide & Operational Elements	Plan Representatives' Opinions - Goal 4						HCFA Reviewers' Opinions - Goal 4					
	n	Very well	Well	Some-what well	Not well	Don't know	n	Very well	Well	Some-what well	Not well	Don't know
Marketing Guide as a whole	130	5%	19%	40%	19%	17%	84	8%	30%	31%	5%	26%
Lead regional offices	129	2%	12%	25%	7%	54%	84	8%	12%	26%	10%	44%
Model member materials	131	6%	13%	53%	13%	15%	84	8%	26%	36%	6%	24%
Checklists	130	5%	15%	39%	9%	33%	84	5%	17%	27%	10%	42%
Language chart	130	12%	30%	32%	9%	16%	84	14%	31%	27%	7%	20%
Use and File System	129	2%	7%	9%	4%	78%	84	6%	10%	13%	8%	63%
Product Con-sistency Team	130	1%	5%	12%	12%	70%	84	12%	17%	20%	6%	45%

DEPARTMENT OF HEALTH & HUMAN SERVICES — Health Care Financing Administration

DATE: JAN 24 2000

TO: June Gibbs Brown
Inspector General

FROM: Nancy-Ann Min DeParle
Administrator

SUBJECT: Office of the Inspector General (OIG) Draft Report: "Medicare Managed Care: Goals of National Marketing Guide" (OEI-03-98-00270), and "Medicare Managed Care: 1998 Marketing Material" (OEI-03-98-00271)

We appreciate the opportunity to comment on these two reports regarding marketing materials. We agree that the Health Care Financing Administration (HCFA) should continue and strengthen efforts to ensure that beneficiaries have access to understandable and comparable information regarding Medicare managed care options.

We also wish to acknowledge and thank you for the support provided by your staff regarding HCFA utilization of marketing material review checklists developed for use during these two studies. The OIG marketing review checklists have been extremely helpful as we develop improved review procedures to be used by both Medicare managed care organizations and HCFA Regional Office reviewers.

We are enclosing our comments to the specific recommendations. We look forward to continuing our work with the Congress, your office, beneficiary groups, and other interested parties to assure that beneficiaries have the information they need to make informed health care decisions.

Attachment

APPENDIX C

Comments of the Health Care Financing Administration on the OIG Draft Reports: "Medicare Managed Care: Goals of National Marketing Guide" (OEI-03-98-00270) and "Medicare Managed Care: 1998 Marketing Material" (OEI-03-98-00271)

The Health Care Financing Administration (HCFA) is committed to providing Medicare beneficiaries with unbaised, accurate, comprehensive, and easily understandable information so that they can make informed decisions about their health care. To make sure that beneficiaries are provided such information, HCFA has set two goals: 1) to educate beneficiaries about their health plan choices, and 2) to ensure that the information beneficiaries receive directly from health plans is understandable, accurate and comparable.

With the Balanced Budget Act of 1997 (BBA), the Congress, for the first time, provided a mandate for a national information campaign, the National Medicare Education Program (NMEP). This effort involves extensive activities to help beneficiaries understand their health care choices. For example, HCFA has created a toll-free information line at 1-800-MEDICARE, shared information resources with hundreds of national and local partner organizations, developed a beneficiary web site www.medicare.gov, facilitated access to enhanced counseling by the state insurance information programs (known as SHIPs), and developed the Medicare & You 2000 handbook as well as other beneficiary publications. HCFA provides $15 million annually to support the 53 SHIPs and works in partnership with other entities (such as employers and unions) to promote a better understanding of health care options for our beneficiaries. The handbook was mailed to 33 million beneficiary households, while the toll-free information line and web site are available to beneficiaries and others at their convenience. These resources are focused on making accurate, understandable, unbiased information available to beneficiaries.

However, Medicare beneficiaries will continue to rely on information provided by Medicare+Choice (M+C) organizations when seeking M+C plan specific benefit information. Recognizing the importance of health plans as a source of benefit information for beneficiaries regarding the specific provisions of the plan, and based on recommendations by the Senate Aging Committee and the General Accounting Office (GAO), we have also worked to standardize plan marketing materials. The purpose of this effort is to enable beneficiaries to make appropriate comparisons among the health plans.

An important component in the standardization effort is the National Marketing Guide (NMG). The NMG is designed as a tool for plans and HCFA staff; it outlines information that is required, and information that is prohibited, in marketing materials. The NMG also provides model language and formats for plans to use in describing benefits. HCFA is using the NMG to help improve review the accuracy and consistency of marketing materials.

In addition, HCFA plans to fully implement the Plan Benefit Package (PBP) –a data collection instrument-- as part of the 2001 Medicare managed care contract. The PBP will standardize the method whereby HCFA collects information from plans. Furthermore, the PBP will be used to generate the standardized Summary of Benefits which HCFA requires all health plans to use. This approach will facilitate and expedite the review of managed care materials by HCFA staff. Combined with ongoing internal training, work to standardize other documents, and heightened review efforts, the PBP will help improve the reliability and accuracy of plan information the beneficiaries need to make informed decisions on their health care.

We agree with the OIG's finding that some aspects of the review process have improved due to the NMG, and we further agree that more work needs to be done to make sure that the NMG is well understood and applied uniformly. We also agree that additional effort is needed to ensure the accuracy of health plan marketing materials. As noted, the PBP and ongoing staff training efforts already underway are critical steps toward attaining this goal.

We too were disturbed by the OIG's findings that such a high percentage of marketing materials were not in compliance with all the relevant HCFA regulations. Although the OIG study focused primarily on marketing materials from health plans in only three regions, we believe HCFA can, and should, make further improvements in our work with all the plans. The OIG makes several recommendations, including: 1) updating the NMG; 2) standardizing materials and review instruments; and 3) establishing a quality control system. HCFA concurs with the OIG's recommendations and, as discussed in our comments, we have already begun to implement many of these recommendations.

Specific Comments

OIG Recommendation

The Health Care Financing Administration should update the National Marketing Guide (NMG).

HCFA Response

We concur. We will continue to update and improve the NMG. However, we believe our efforts toward more consistent review and enforcement of the guidelines are just as important. Thus, our work includes a series of steps, such as:

- Making the guidance in the NMG clearer for HCFA staff and health plan staff with regard to determining what is allowed and prohibited in the marketing material.
- Providing health plans with model beneficiary letters. We recently released Operational Policy Letter (OPL) 99.100 containing 24 model letters, particularly related to enrollment and appeals materials. These model letters provide plans with sample language that is easy for beneficiaries to read and understand. These letters will soon be formally incorporated into the NMG.

- Developing improved reviewer checklists that help to facilitate and add consistency to HCFA review of member materials submitted by health plans. As part of this improvement process, we will use the OIG's review checklists in implementing the recommendations.

Also, as the OIG recommends, HCFA will take steps to better educate HCFA and plan staff on the operations of the "Use and File" system. This system, which allows plans to release material prior to HCFA approval, does not seem to be well understood by many interviewed in your report. We believe that the Use and File system is an important tool, and we will develop materials to promote a better understanding of its operation.

OIG Recommendation
HCFA should standardize and mandate use of member materials.

HCFA Response
We concur. The types of documents M+C organizations have used to describe their benefits vary widely. M+C organizations have used their own structure, format, and language in providing benefit information. However, this flexibility has made it difficult for beneficiaries to make informed comparisons when choosing among M+C organizations. To meet the need for comparable information and to address concerns raised by the Senate Aging Committee, we launched a comprehensive effort to standardize materials published by plans.

A critical part of this effort is the standardization of the Summary of Benefits --a key document used by health plans to inform potential members of a plan's benefit package. Medicare beneficiaries have indicated the Summary of Benefits is the most important document provided by the M+C organization used in selecting a health plan. As of the beginning of contract year 2000, HCFA required M+C organizations to provide a standardized Summary of Benefits to all prospective and current members. The feedback from both the industry and beneficiaries on this material has been very positive. The M+C organizations will be required to use the standardized Summary of Benefits automatically generated from the PBP. HCFA will provide the information in the standardized Summary of Benefits on the Medicare.gov web site and beneficiaries will be able to request plan specific information through 1-800-MEDICARE.

HCFA is also working on other materials to provide beneficiaries with the information needed to make informed decisions about their health care options. After appropriate consultation with beneficiary groups and plan representatives, HCFA is requiring that remaining beneficiary notification (as opposed to advertising) materials (such as, the Evidence of Coverage, enrollment application forms, appeals-related materials) be

standardized. We released the Model Evidence of Coverage (EOC) for contract year 2000 on December 1, 1999. The Model is accessible through the HCFA web site. Though it serves as a model, and is voluntary for this contract year, the release of the Model EOC will help prepare plans and HCFA staff for the beginning of the phase-in process for mandatory use of the EOC in contract year 2001.

We believe that M+C organizations should retain some flexibility in creating their advertising materials in order to differentiate their services from those provided by other M+C organizations. But, these advertising materials should always accurately reflect the benefits offered, and HCFA will be diligent in its efforts to assure that advertising materials are not misleading.

OIG Recommendation
HCFA should develop standard review instruments.

HCFA Response
We concur. HCFA is already refining two review protocols to help standardize the review process. As one part of this effort, HCFA revised the Benefit Information Form (the 1998 BIF) by developing the PBP. HCFA plans to fully implement the PBP as part of the 2001 Medicare managed care contract.

The description of plan benefits is the foundation of the marketing review process. For the 1998 and 1999 contract years, the BIF was used to approve benefits in the Adjusted Community Rate (ACR) and to review M+C organization marketing material. Following a comprehensive review of the 1998 BIF, it became clear that a standard, more detailed reporting format system was needed. For 2000, the BIF has been modified as part of the transition to the PBP. The BIF 2000 reduces the need to have a separate data collection effort for Medicare Compare data for plan year 2000, thereby saving HCFA staff valuable time and effort and reducing the need for duplicative data validation. For 2001, the PBP will be used to perform these functions and will improve the reliability and accuracy of managed care organization contract documents.

The PBP focuses on creating a standard structure for the description of benefits in order to facilitate the review of marketing material. By establishing a standard benefit content structure, HCFA will ensure more reliable and accurate benefit information, in addition to creating standard reporting formats and terminology. The PBP more completely captures the different benefits M+C organizations offer, thus assisting HCFA in the approval of managed care organization marketing material. Below are two specific examples of how the Plan Benefit Package (PBP) will facilitate standardized review of marketing materials.

- **Screening Mammography.** In a study published in April 1999, the GAO found that selected 1998 M+C organization marketing material on Medicare's screening mammography benefit was inconsistent with HCFA's stated policy. The 1998 BIF would not have automatically identified such discrepancies because it did not address the issue of prior authorization, thereby allowing for error. The PBP will address this important issue by requiring all managed care organizations to identify the authorization rules for each service category. For the mammography service category, the PBP is predetermined by HCFA policy and is not an optional description by the M+C organization. As a result of this refinement, the PBP does not allow managed care organizations to enter any authorization rules for the Medicare screening mammography benefit.

- **Prescription Drug Benefit.** Also in the April 1999 GAO study, it was reported that M+C organization information about prescription drug coverage from one marketing document to another and that drug information was sometimes incorrect. While the 1998 BIF may have provided some drug benefit information, this information was not in sufficient detail to capture some of the key differences in the drug benefits offered. The PBP addresses this problem by requiring information on the rules for generic, brand, and mail order drugs, as well as the maximum plan benefit coverage amount (dollars), co-payments, and plan use of a drug formulary. This will allow for easier review and comparison of information.

In addition, HCFA has created a Product Consistency Team (PCT) comprised of representatives from all ten HCFA Regional Offices (ROs). The group meets monthly to review marketing issues, to develop solutions, and to update the NMG as needed. Through this ongoing dialogue, the team is able to uncover and correct any inconsistencies in operational or policy interpretations of standardized materials. This is a relatively new team, and we believe that it will significantly improve HCFA's ability to monitor marketing materials.

OIG Recommendation

HCFA should establish a quality control system.

HCFA Response

We concur. In fact, we have already taken four clear actions to ensure that we are monitoring quality to the greatest extent possible.

1) **Established the PCT** -- We believe the PCT is critical to our quality control effort.
2) **Established procedures for final verification review of all beneficiary notification materials** -- We will review all beneficiary notification materials at the final proof stage to confirm that the final text version has not changed after HCFA's initial approval of the document.
3) **Created process for review of published materials** -- We will review a random sample of actual printed marketing materials from a random sample of health care organizations to monitor health plans' compliance with the final verification review process.
4) **Initiated pilot study of a process for review of materials on the national level** -- We have also established a quality control system as part of a pilot study of the effectiveness of outsourcing the marketing material review process to a single national contractor.

OIG Recommendation

HCFA should track marketing materials consistently and uniformly across all regions.

HCFA Response

We concur. Again, the PCT is a key tool in assuring consistent review of marketing materials. As the PCT meets and becomes aware of possible misinterpretations of the guidelines, it will assist in updating the NMG so that the NMG becomes a more consistent and reliable tool for plans.

Also, the new Health Plan Management System (HPMS) will establish a better tracking system that can be used consistently by the ROs. The HPMS will incorporate the Managed Care Information System, the tracking system currently used by many of the ROs to track marketing materials. The ROs will be required to use this tracking system to track receipt and approval of all marketing materials when it becomes fully operational in 2000.

OIG Recommendation

HCFA should conduct meetings to review Federal marketing requirements with managed care plans that continually submit materials not in compliance with the requirements.

HCFA Response

We concur. Several of our ROs currently conduct face-to-face meetings with managed care plans that continually submit materials not in compliance with the requirements. We

are in the process of updating HCFA's M+C Contractor Performance Monitoring System protocol and will include a requirement that HCFA reviewers who find a pattern of noncompliant marketing submissions take action (including meetings with managed care plans) to improve the quality of submitted materials. Further review of our Medicare managed care marketing program will help us determine additional steps that need to be taken to address this issue, up to and including sanctioning plans who are frequently not in compliance with the straight-forward requirements.

OIG Recommendation

HCFA should provide training on the use of the NMG for HCFA reviewers and managed care plans.

HCFA Response

We concur. HCFA currently includes a marketing review session in our annual training support program for reviewers. We already have plans to expand this training program to address the needs of the contracting health plans. The HCFA central office and the ROs will provide training for reviewers and managed care plans.

Also, the PCT meetings will also provide a vehicle for promoting a better understanding of the NMG. We welcome the OIG's recommendations in this matter. We intend to provide the checklist used by the OIG in its review of managed care plans along with additional information so that they better understand the requirements and guidelines. We will continue to expand our dialogue with health plan staff to provide as much technical assistance and guidance as is needed to make sure that all relevant parties have a strong understanding of the NMG.